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SUBJECT: A CHINESE BRIDGE OVER THE RIVER NIGER

REF: BAMAOKO 00104

1.(SBU) Summary: Chinese President Hu Jintao visited Mali from February 12-13, his second stop on a five nation tour. Although only in Mali for 24 hours, his visit dominated the Malian media, which had ample opportunity to recap the long list of Chinese investments in the country. While in Bamako, Hu met with Malian President Amadou Toumani Toure, signed several bilateral agreements, and laid the cornerstone for Bamako's third bridge, an approximately 70 million dollar project purported to be China's largest aid development project in West Africa. Hu finished his trip to Mali by inaugurating an anti-malaria clinic in the nearby town of Kati. Mali lacks the natural resources that typically attract Chinese interest in other parts of Africa, leaving western diplomats in Bamako left to guess just what China is getting in return for its investments in Mali. As China seeks to reshape its image as a responsible global citizen and conscientious investor in Africa, the answer may be rather straightforward: good will and a leg up in Mali's growing manufacturing, construction, and consumer goods markets. Either way, China's courtship of Mali continues to expand, and Malian reaction to the Jintao trip made it clear that Chinese aid is winning China a great deal of gratitude and influence in Mali. As if to prove the point, on February 25 the Malian government ratified a USD 60 million loan agreement with the Export-Import Bank of China to finance the reconstruction of the Chinese-owned SUKALA sugar refinery, with potentially serious implications for a U.S. and South African sugar refinery venture that has received nearly USD 2 million from the U.S. Trade and Development Agency (USTDA) and USAID. End Summary.

The Third Bridge Over the River Niger

2.(SBU) Chinese President Hu Jintao arrived in Bamako on February 12, his second stop on a five-nation tour. At an afternoon meeting with Malian President Amadou Toumani Toure, the Chinese premier stated that China's solidarity with Mali extended to "good times and bad," and signed a number of cooperative bilateral agreements in the areas of health, education, and infrastructure, the details of which have not yet been published. In addition, Hu announced the creation of 34 new scholarship opportunities for Malian students to study in China.

3.(SBU) On February 13, Hu and President Toure laid the cornerstone for the "Bridge of Chinese-Malian Friendship" which, once completed, will be Bamako's third and longest bridge across the Niger River. The estimated price tag of the 1.7 mile long structure is 34-37 billion FCFA (68-74 million USD) and is billed as the largest Chinese aid development project in West Africa. Bamako's first bridge is

a two lane structure built during the early 1960s. The second bridge over the Niger, the four lane King Fahd Bridge, was built by Saudi Arabia in the 1990s. The Chinese bridge is intended to alleviate Bamako's significant traffic congestion and provide heavy trucks with a route into Bamako that does not direct them through the heart of the city.

4.(SBU) According to the Malian press, the bridge is scheduled to be completed in September 2010, a date that coincides with Mali's celebration of fifty years of independence. However, the Chinese have told the embassy that the contract under which the bridge is being built is three years in length, although the Malian government is pressuring the Chinese to finish in two.

5.(SBU) The bridge project, which was initially proposed at the China-Africa Summit held in Beijing in November 2006, will be completed by the Chinese engineering firm, China Geshouba Group Corporation (CGGC). It is the largest of a long list of Chinese infrastructure projects in Mali. A sample of some of the structures the Chinese have built or are building includes: 4 stadiums (in Bamako, San, Koutiala, and Bougouni), 10 women's and children's shelters (in Bamako and regional capitals), 2 rural schools (in Mopti and Sikasso), a sugar refinery, the International Conference Center in Bamako, the Secretariat General of the Presidency, a new hospital, a textile mill, and the memorial to Mali's first president, Modibo Keita.

6.(SBU) The Chinese infrastructure investments come during a time when bilateral trade between China and Mali is expanding significantly. According to Malian government publications,

BAMAKO 00000118 002 OF 002

bilateral trade between Mali and China grew from 83 billion FCFA (166 million USD) in 2004 to 101 billion FCFA (212 million USD) in 2008. By comparison, Mali's bilateral trade with the U.S. totaled USD 42 million in 2007, according to AGOA figures. Mali primarily imports electronics, green tea, and light industrial products from China, while its primary export to China is cotton. Hu finished his trip to Mali by participating in the inauguration of a new anti-malarial clinic at the hospital in Kati, near Bamako. The clinic was also the product of Chinese funding, and will regularly receive free anti-malarial medicines from China.

Mali Returns the Favor

7.(SBU) On February 25, the Malian Council of Ministers ratified an agreement with the Export-Import Bank of China originally negotiated and signed in Bamako on November 26, 2008. Under the agreement, the Export-Import Bank of China will provide a 500 million yuan (roughly USD 60 million) loan to finance the expansion of the SUKALA sugar refinery, which is 60 percent owned by the Chinese government and 40 percent owned by Mali. SUKALA has been pressuring the Malian government to reallocate to SUKALA land that the Malian government has already ceded to the Louisiana based Schaffer Global Group and its South African partner, Ilovo, to construct a modern sugar refinery next door to SUKALA's sugar cane operations. Since the Schaffer project was initiated in 1999, USTDA and USAID have provided nearly USD 2 million to support feasibility studies and sugar cane testing. Plans to expand SUKALA have been around for years, but it was never clear whether SUKALA really intended to increase its operations or was simply trying to counter Schaffer's much more viable and competitive business model (reftel). The February 25 announcement by the Malian government seemingly indicates that China and Mali are serious about expanding the SUKALA refinery, with potentially serious ramifications for Schaffer and Ilovo.

Comment: A Bridge, But to What End?

8.(SBU) Hu's trip provided an occasion for much celebration in the Malian press over Malian-Chinese friendship. China was the fourth country to recognize Malian independence in 1960 (the U.S. was the second) and every Malian President has made a pilgrimage to Beijing. President Toure has made the trip three times, most recently for the Olympics. The official program for Hu's visit published by the Office of the Presidency attributes good Chinese-Malian relations to sustained high level contacts and exchanges, as well as Mali's unwavering support for China on the question of Taiwan. The document specifies, "Mali remains completely dedicated to a united and indivisible People's Republic of China," a sentiment echoed by ATT's address at the bridge project opening ceremony.

9.(SBU) China's infrastructure investments in Mali are significant. Given the small size of Mali's economy, these investments go a long way. During Hu's visit, President Toure remarked that, "all the great accomplishments in Mali bear the mark of China." Since Mali has no significant natural resources to offer - Mali's gold is already spoken for by other investors and there are no known Chinese firms among those scouring northern Mali for possible oil or uranium reserves - the inclusion of Mali in President Hu's itinerary seemed calibrated to counter the prevailing image of a China guilty of elevating its drive for African natural resources over concerns for human rights and good governance.

By highlighting its support for one of Africa's leading democratic performers, China not only further endeared itself to Mali but signaled that its African diplomacy is more complex than a simple cost-benefit calculation.

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